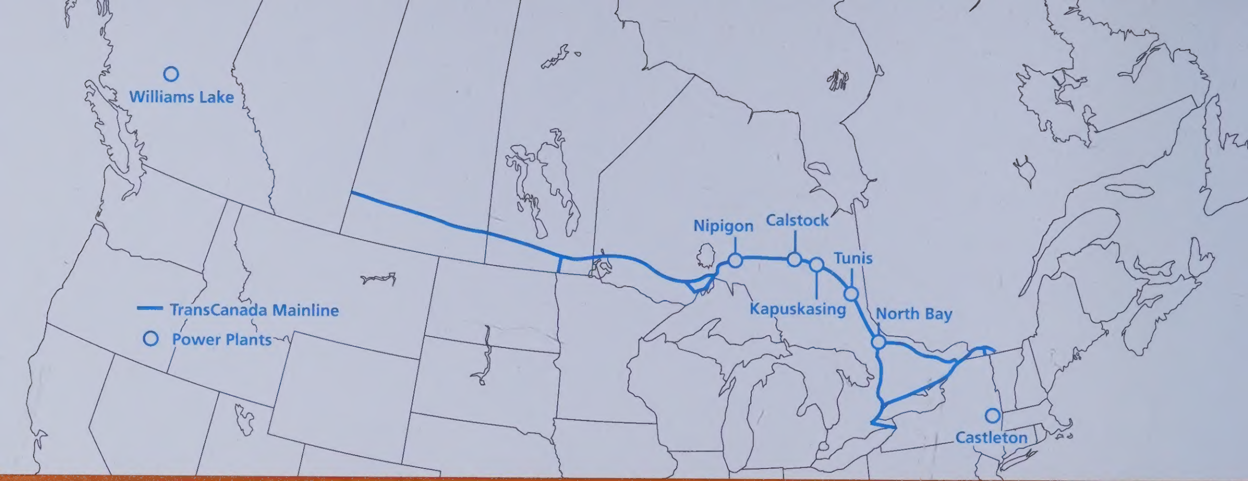
2003 ANNUAL REPORT

TransCanada Power, L.P.



POWER PLANT STATISTICS

	Williams Lake	Nipigon	Calstock	Kapuskasing	Tunis	North Bay	Castleton
NOMINAL GENERATING RATING	66 megawatts	40 megawatts	35 megawatts	40 megawatts	43 megawatts	40 megawatts	64 megawatts
LOCATION	Located on a 31-acre site in Williams Lake, British Columbia	Located on a 7-acre site near Nipigon, Ontario	Located on a 55-acre site near Hearst, Ontario	Located on a 14-acre site in Kapuskasing, Ontario	Located on an 11-acre site near Iroquois Falls, Ontario	Located on a 16-acre site near North Bay, Ontario	Located on a 3-acre lease in Castleton-on-Hudson, New York
MAJOR EQUIPMENT	1 wood waste boiler 66 MW steam turbine	22 MW gas turbine 18 MW steam turbine 3 HRSGs*	1 wood waste boiler 35 MW steam turbine 2 HRSGs*	25 MW gas turbine 31 MW steam turbine 3 HRSGs*	41 MW gas turbine 19 MW steam turbine 3 HRSGs*	25 MW gas turbine 31 MW steam turbine 2 HRSGs*	40 MW gas turbine 25 MW steam turbine 1 HRSG*
PARTNERSHIP ACQUISITION	October 1999	June 1997	September 1998	June 1997	March 1998	June 1997	July 1999
COMMERCIAL OPERATIONS	April 1993	May 1992	October 2000	March 1997	January 1995	March 1997	March 1992
POWER SALES CONTRACT	25-year term expiring in April 2018	20-year term expiring in June 2012	20-year term expiring in June 2020	20-year term expiring in June 2017	20-year term expiring in January 2015	20-year term expiring in June 2017	9-year term expiring in June 2008
FUEL PURCHASE CONTRACT	Wood waste supply agreements with local mills for 25 years. Cost recovery mechanism in power sales contract	Gas supply agreements for 21-year terms expiring in 2010 and 2012	Wood waste supply agreements with 3 mills for 20-year terms and 1 mill for a 12-year term	Gas supply agreement with 20-year term expiring in 2016	Gas supply agreements with 15-year term expiring in 2010	Gas supply agreement with 20-year term expiring in 2016	No fuel risk. Partnership pays a fixed demand charge under a management agreement expiring in 2008

* HRSG is a Heat Recovery Steam Generator.

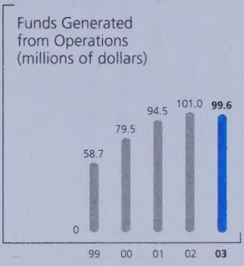
TRANSCANADA POWER, L.P. is a Canadian limited partnership that offers investors stable distributions and growth prospects. The Partnership owns seven power plants in Canada and the United States with total generating capacity of 328 megawatts. Subsidiaries of TransCanada Corporation manage the Partnership and the power plants' operations and own 35.6 per cent of the Partnership. The Partnership's units trade under the symbol TPL.UN on the Toronto Stock Exchange.

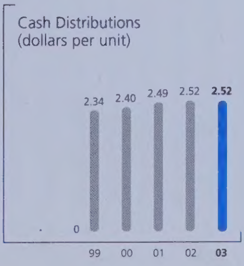
2003 FINANCIAL HIGHLIGHTS

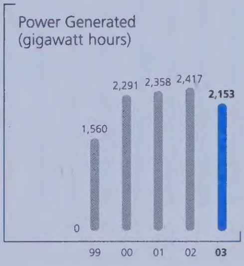


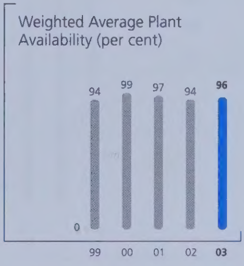


Year ended December 31	**2003**	2002
Power Generated (GWh)	**2,153**	2,417
Weighted Average Plant Availability	**96%**	94%
Funds Generated from Operations (millions of dollars)	**99.6**	101.0
Cash Distributions (millions of dollars)	**99.1**	99.1
Per Unit	**$ 2.52**	$ 2.52
Net Income (millions of dollars)	**64.4**	64.1
Per Unit	**$ 1.64**	$ 1.63









TransCanada Power, L.P. has consistently proven that it can deliver on its commitment of providing stable and sustainable distributions to unitholders. In 2004, the Partnership will continue to focus on challenges, including managing waste heat availability, fluctuations in the U.S. dollar and overall plant availability. With a strong balance sheet that has no long-term debt, the Partnership is in a strategic position to capture quality acquisition opportunities as they arise.

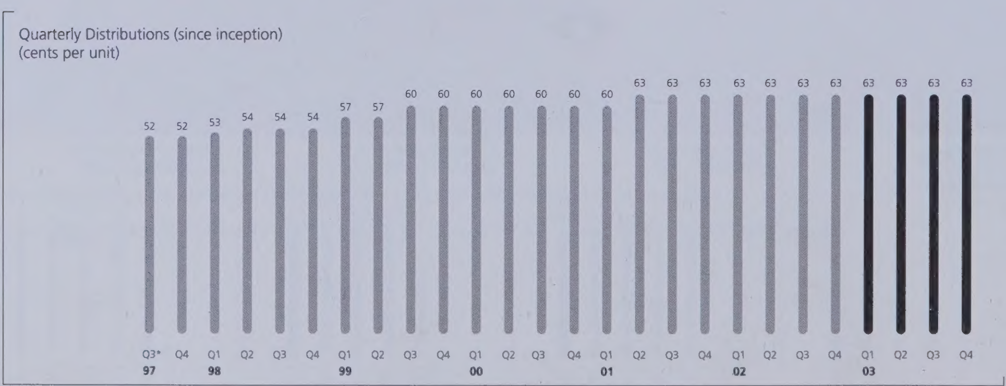
LETTER TO UNITHOLDERS





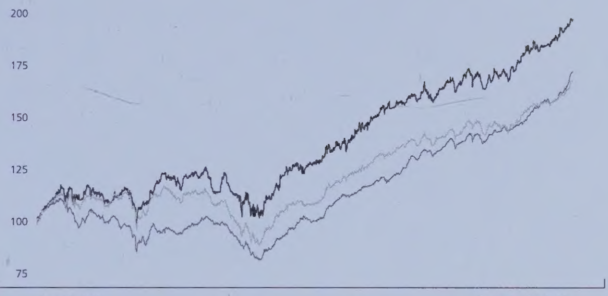
I am pleased to report that in 2003, TransCanada Power, L.P. has once again delivered solid results and stable cash flows to unitholders. Since becoming President of TransCanada Power, L.P. in June 2003, my primary focus has been to provide unitholders with long-term stability and sustainable cash distributions. This goal has not changed since the Partnership's inception in 1997 and it will continue into the future.

Long-Term Sustainable Distributions Over the seven years that TransCanada Power, L.P. has been in existence the Partnership has paid 26 consecutive distributions to unitholders – each one at a level equal to or greater than the previous. In 2003, Standard & Poor's and Dominion Bond Rating Services once again recognized the Partnership's stability and strong track record assigning TransCanada Power, L.P. their highest awarded stability ratings of SR-1 and STA-1 (middle), respectively.



* Normalized from actual distribution of 59 cents per unit for the period from June 18, 1997.

Cumulative Total Return Index*
(since inception of TPL.UN on June 18, 1997)



Source: BMO Nesbitt Burns
* includes distributions and unit appreciation

Return to Unitholders Although distributions represent a key component of the overall return, unitholders have also experienced a significant appreciation in the price of their limited partnership units. In 2003, Partnership unit prices increased 17 per cent which, combined with the $2.52 per unit distribution, resulted in a total unitholder return of 26 per cent. In addition, due to the income tax treatment of the Partnership's Canadian plants, 50 per cent of the annual distribution received by unitholders in 2003 was not currently taxable.

Lower Yield = Lower Risk At December 31, 2003, TransCanada Power, L.P. had a distribution yield (ratio of distribution to unit price) of 6.9 per cent – the lowest in the power sector. Many income funds in both the power and non-power sectors offer higher distribution yields, but that higher yield generally implies a higher risk. The Partnership has been able to maintain its lower risk profile by having quality plants that consistently operate at high availability levels and are underpinned by long-term sales and purchase contracts, diversified through geography, creditworthy counterparties and fuel source.

TransCanada Power, L.P. Weighted Average Plant Availability

(per cent)	1997	1998	1999	2000	2001	2002	**2003**
Kapuskasing	94	98	98	100	99	97	**98**
North Bay	98	99	96	99	97	98	**98**
Nipigon	99	96	99	99	99	98	**99**
Tunis	–	90	98	98	94	97	**98**
Calstock	–	–	–	95	97	96	**98**
Weighted Average For Ontario Plants	97	97	98	99	97	97	**98**
Castleton	–	–	82	100	98	99	**96**
Williams Lake	–	–	–	98	98	77	**89**
Weighted Average Availability For All Plants	97	97	94	99	97	94	**96**

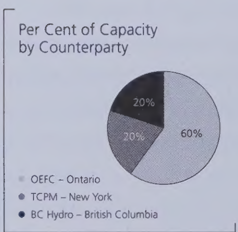
Diversification and Mitigation of Risks This lower risk profile does not happen naturally. The management of TransCanada Power, L.P. has specifically structured the Partnership's revenue and operating expense profiles in such a way as to mitigate the various commercial and operational risks through a combination of diversification and long-term contracts:

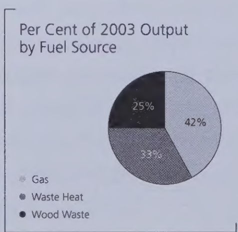
Revenues

- Long-term power sales contracts with remaining terms averaging 12 years
- Power sales contracts with three different A-rated counterparties
- Seven plants in three power markets

Expenses

- Long-term fuel contracts utilizing three fuel sources, different counterparties and terms generally matching the power sales contracts
- Long-term operating and maintenance contracts with terms generally matching the power sales contracts





Sponsorship One of the key advantages to TransCanada Power, L.P. is the strong sponsorship it receives from TransCanada Corporation. The name TransCanada brings with it a long and respected history in the energy business. TransCanada's sponsorship comes in many forms, including:

- Largest unitholder with a strong commitment to growing its power business, directly and through the Partnership
- Superior management and operations team with a strong operating history
- Experienced commercial team that manages commodity and other market risks, analyses and executes business development opportunities, arranges necessary fuel supplies and exploits market opportunities through enhancement transactions
- Financial support and flexibility

Challenges in 2003 Achieving our goal of maintaining stable and sustainable distributions in 2003 did not come without its challenges. Strong competition in the natural gas pipeline industry resulted in reduced throughput of natural gas on TransCanada's Mainline. This in turn reduced the volume of waste heat fuel and resulting revenue available to the Partnership from TransCanada's Mainline compressor stations. The unprecedented 20 per cent drop in the value of the U.S. dollar reduced the returns from our Castleton plant in New York and the lower market prices for power in 2002 also reduced our 2003 market-based excess energy revenues earned at the Williams Lake plant. Despite these challenges, on the strength of our diversified portfolio, TransCanada Power, L.P. continued to generate stable distributions to unitholders.

Looking Forward TransCanada Power, L.P. has consistently proven that it can deliver on its commitment of providing stable and sustainable distributions to unitholders. In 2004, the Partnership will continue to focus on challenges, including managing waste heat availability, fluctuations in the U.S. dollar and overall plant availability. With a strong balance sheet that has no long-term debt, the Partnership is in a strategic position to capture quality acquisition opportunities as they arise. This, combined with its diversified portfolio of quality plants, long-term contracts and strong sponsorship from TransCanada, will enable TransCanada Power, L.P. to successfully deal with the challenges and opportunities that 2004 has to offer.

On behalf of the General Partner,

Sean McMaster

Sean D. McMaster President

Management's Discussion and Analysis

STEADY

RETURNS

Management's Discussion and Analysis, dated March 4, 2004, should be read in conjunction with the audited Consolidated Financial Statements of TransCanada Power, L.P. (the Partnership) and the notes thereto for the year ended December 31, 2003.

TransCanada Power, L.P. owns seven power plants, five in Ontario, one in British Columbia and one in New York State. This combination of plants provides diversified operating risk across multiple facilities in three different geographic regions with various fuel sources. At December 31, 2003 and 2002, the Partnership's total generating capacity was 328 megawatts, which increased from 118 megawatts since the Partnership's inception in 1997. The Partnership's strategic plan is focused on providing stable and sustainable distributions to unitholders. Where opportunities arise, the Partnership will also seek to grow its asset base by expanding capacity at existing plants and pursuing acquisition opportunities that are accretive on a per unit basis.

TransCanada Power Services Ltd., the General Partner of the Partnership, is an indirect wholly-owned subsidiary of TransCanada Corporation (TransCanada, collectively with its subsidiaries) and has responsibility for overseeing the management of the Partnership. The Board of Directors of the General Partner declares the cash distributions to the Partnership's unitholders. The General Partner has engaged TransCanada Energy Ltd. (the Manager) and TransCanada Power Marketing Ltd. (TCPM), both indirect wholly-owned subsidiaries of TransCanada, to perform management and administrative services on behalf of the Partnership and to operate and maintain the power plants pursuant to management and operations agreements.

On June 17, 2017, the Partnership is obligated to redeem all of the outstanding units not held by TransCanada at a price equal to their then fair market value. At December 31, 2003, TransCanada indirectly owned 35.6 per cent of the outstanding Partnership units.

Each of the Partnership's seven power plants has long-term power sales and fuel purchase contracts. Output from the Ontario power plants is sold to Ontario Electricity Financial Corporation (OEFC) with remaining terms ranging from 9 to 17 years. Output from the Williams Lake power plant is sold to British Columbia Hydro and Power Authority (BC Hydro) under a contract that has a remaining term of 15 years. Output from the Castleton power plant in New York is sold to TCPM in return for fixed monthly payments under a contract which expires in 2008. The existence of long-term sales contracts to three, A-grade credit rated counterparties, combined with long-term fuel and operating contracts, reduce the financial risk to unitholders, minimize commodity price risk and increase the stability and security of long-term cash flows.

The Partnership's power plants use natural gas, waste heat, wood waste or a combination of these fuel sources to produce electricity. The Ontario gas fired plants use a process called enhanced combined cycle generation that uses both natural gas and waste heat as fuel sources. These plants are located adjacent to

TransCanada's Canadian Mainline gas compressor stations, which allow access to waste heat from these compressors. The Calstock and Williams Lake plants use wood waste from local mills as a source of fuel, thereby creating both environmental and economic benefits. The Calstock plant also uses waste heat from the adjacent TransCanada compressor stations. The Castleton plant is a combined cycle plant as it uses both natural gas and steam to generate electricity.

Consolidated Results-at-a-Glance (1)

Year ended December 31 (millions of dollars except per unit amounts)	**2003**	2002	2001
Total Revenues			
Ontario	**126.2**	118.4	116.2
Williams Lake	**35.5**	37.5	43.2
Castleton	**16.3**	18.0	16.8
	178.0	173.9	176.2
Operating Margin (2)			
Ontario	**76.9**	71.6	70.4
Williams Lake	**28.2**	30.7	35.7
Castleton	**10.4**	11.5	10.7
	115.5	113.8	116.8
Net Income	**64.4**	64.1	45.0
Per Unit	**$ 1.64**	$ 1.63	$ 1.28
Funds Generated From Operations	**99.6**	101.0	94.5
Capital Expenditures	**8.2**	5.4	11.6
Cash Distributions	**99.1**	99.1	87.4
Per Unit	**$ 2.52**	$ 2.52	$ 2.49
Total Assets	**604.7**	650.5	677.3
Total Liabilities	**57.3**	68.4	60.2
Weighted Average Units Outstanding (millions)	**39.3**	39.3	35.1

(1) The selected three year annual financial data has been prepared in accordance with Canadian generally accepted accounting principles.

(2) Operating margin equals revenues less cost of fuel and operating and maintenance expense.

Revenues of $178.0 million for the year ended December 31, 2003 were $4.1 million and $1.8 million higher than the same periods in 2002 and 2001, respectively. Revenues at the Ontario plants increased significantly in 2003 as a result of higher enhancement revenues compared to 2002 and 2001. The decline in Williams Lake revenues from 2001 through 2003 reflects a decrease in the market-based excess energy price (2003 – $23 per megawatt hour (MWh); 2002 – $112 per MWh; 2001 – $104 per MWh) and the impact of an unplanned outage in 2002. The Partnership's excess energy price is expected to be $36 per MWh in 2004. Castleton revenues are earned through capacity payments from TCPM subject to contractual annual increases. In 2003, however, revenues from the Castleton plant decreased due to the impact of a weaker US dollar.

The Partnership reported net income of $64.4 million for the year ended December 31, 2003 compared to $64.1 million and $45.0 million for the same periods in 2002 and 2001, respectively. In 2001, the Partnership repaid its long-term debt outstanding, and as a result, 2001 net income included a $13.7 million charge to settle an interest rate swap transaction related to the long-term debt. Funds generated from operations for the year ended December 31, 2003 were $99.6 million compared to $101.0 million and $94.5 million for 2002 and 2001, respectively. The 2003 decrease of

$1.4 million compared to 2002 was primarily due to the impact of a weaker US dollar, lower waste heat revenues and a lower excess energy price. The increase of $5.1 million compared to 2001 was primarily due to the impact of the repayment of the Partnership's long-term debt in 2001, which reduced interest expense in subsequent years.

Cash distributions of $99.1 million, or $2.52 per unit, for the year ended December 31, 2003 were consistent with 2002 and were $11.7 million higher than the same period in 2001. The increase over 2001 was due to the second quarter 2001 increase in cash distributions of $0.03 cents per unit and the issuance of 5.7 million additional units in the fourth quarter of 2001.

The value of property, plant and equipment represents approximately 95 per cent of the Partnership's total assets. The decrease in total assets from year to year mainly reflects depreciation of these assets, net of annual capital additions and retirements. Total liabilities are comprised of trade payables, distributions payable and the balance outstanding on the Partnership's operating line. The primary reason for the fluctuation in total liabilities in the past three years was due to the change in the outstanding balance of the operating line (2003 – $26.0 million; 2002 – $36.5 million; 2001 – $15.9 million). The Partnership uses its operating line to finance capital expenditures, working capital and for general Partnership purposes.

Revenues

	2003		2002	
Year ended December 31	**GWh**	**(millions of dollars)**	GWh	(millions of dollars)
Ontario				
Power	**1,395**	**110.9**	1,589	117.7
Enhancements		**15.3**		0.7
		126.2		118.4
Williams Lake				
Firm energy	**401**	**31.4**	445	31.3
Other revenue	**123**	**4.1**	17	6.2
	524	**35.5**	462	37.5
Castleton				
Capacity receipts	**234**	**16.3**	366	18.0
	2,153	**178.0**	2,417	173.9
Weighted Average Plant Availability				
Ontario		**98%**		97%
Williams Lake		**89%**		77%
Castleton		**96%**		99%
Average Price Per MWh				
Ontario		**$ 80**		$ 74
Williams Lake		**$ 68**		$ 81

All of the power output from the Ontario plants is sold to OEFC under long-term power sales contracts with built-in annual escalators. The remaining terms of these contracts range from 9 to 17 years. For the year ended December 31, 2003, power revenues of $110.9 million for the Ontario plants were $6.8 million lower than the $117.7 million reported in 2002. Offsetting this decrease in power revenues was an increase of $14.6 million in enhancement revenues. Enhancement revenues reflect decisions by the Manager to voluntarily curtail power production in favour of selling the unused natural gas at prevailing market prices. This is normally done in off-peak hours when contracted power prices are lower. In 2003, natural gas prices remained strong throughout the year (2003 average price per gigajoule – $7.70; 2002 average price per gigajoule – $5.02) which resulted in $15.3 million in enhancement revenues compared to $0.7 million

in 2002. Although power output from the Ontario plants for the year ended December 31, 2003 was lower by 194 gigawatt hours (GWh), overall net contribution from these plants increased approximately $5.0 million, before enhancement fees. Reduced throughput on TransCanada's Mainline in 2003 compared to 2002 directly resulted in a drop in the Partnership's waste heat fuel from the adjacent TransCanada compressor stations. As a result, the Partnership realized an approximate $2.0 million decrease in revenues in 2003 versus 2002.

Weighted average plant availability for the Ontario plants was 98 per cent in 2003 compared to 97 per cent in 2002. The slight increase is primarily due to fewer plant outages. The average price per MWh increased to $80 in 2003 compared to $74 in 2002, reflecting contracted increases in power sales prices and a greater proportion of peak power sales due to the increased curtailments in off-peak hours.

Revenues at the Williams Lake plant consist of firm energy sales (including cost recovery components) and excess energy sales under the power sales contract with BC Hydro expiring in 2018. The amount of firm energy sold to BC Hydro on an annual basis is fixed at 445 GWh, except in years when major overhauls are performed (approximately every 5 years). In major overhaul years, such as 2003, firm energy requirements are reduced to 401 GWh but total firm revenues remain constant as per the power sales contract. Cost recovery components are escalated annually for inflation. As a result, for the year ended December 31, 2003, firm energy sales of $31.4 million were consistent with the $31.3 million reported in 2002. Other revenues, including excess energy sales and insurance recoveries of $4.1 million for the year ended December 31, 2003 were $2.1 million lower than the $6.2 million reported in 2002 primarily due to a decline in excess energy prices in 2003. The Partnership received $4.3 million in insurance proceeds in 2002 as part of its business interruption insurance claim. Weighted average plant availability was 89 per cent in 2003 reflecting the impact of the scheduled major overhaul. In 2002, weighted average plant availability was 77 per cent due to the impact of the unplanned outage in February 2002.

Revenues at the Castleton plant, which are adjusted annually for contractual increases, are earned through fixed monthly capacity payments from TCPM in return for providing the power plant's entire operating capacity. As a result, revenues are generally unaffected by the amount of electricity generated at the plant, which was down in 2003 compared to 2002 due to reduced dispatch by TCPM. Revenues of $16.3 million for the year ended December 31, 2003 were $1.7 million lower than the same period in 2002 due to the impact of a weaker US dollar.

Cost of Fuel

Year ended December 31 (millions of dollars)	**2003**	2002
Ontario		
Natural gas	**35.9**	33.7
Waste heat	**0.5**	0.7
Wood waste	**0.5**	0.3
	36.9	34.7
Williams Lake		
Wood waste	**2.7**	2.3
Castleton		
Natural gas	**2.5**	2.8
	42.1	39.8
Average Cost per MWh		
Ontario	**$ 26**	$ 22
Williams Lake	**$ 5**	$ 5

Fuel costs, which are the most significant cost of operations, include the fuel commodity price and transportation costs. Virtually all of the Partnership's fuel costs for the Ontario and Williams Lake plants are under fixed price, long-term supply agreements with built-in price escalators that generally correspond to price increases in the power sales agreements. For the Castleton plant, the Partnership pays a fixed demand charge, escalated annually by inflation, under a management agreement, therefore there is no fuel price risk. Fuel costs of $42.1 million for the year ended December 31, 2003 were $2.3 million higher than the $39.8 million reported in 2002 primarily due to contract increases.

Fuel costs at the Ontario plants for the year ended December 31, 2003 were $36.9 million compared to $34.7 million in 2002. The increase of $2.2 million primarily reflects contract increases in fuel costs. In 2003, approximately 5 per cent (4 per cent in 2002) of the fuel requirements for the Ontario plants were not under contract and were purchased at current market prices, this accounted for $0.5 million of the fuel cost increase in 2003. The increase in the average cost per MWh at the Ontario plants reflects the lower production volumes due to certain plants being curtailed, combined with contractual increases in fuel prices.

Fuel costs at the Williams Lake plant for the year ended December 31, 2003 were $2.7 million compared to $2.3 million in 2002. The increase of $0.4 million primarily reflects the impact of the unplanned outage in February 2002. The variability in fuel costs for the Williams Lake plant has limited impact on the Partnership's distributable cash, as the majority of fuel costs related to firm energy production are recovered through cost recovery mechanisms in the sales contract with BC Hydro.

Fuel costs for the year ended December 31, 2003 at the Castleton plant decreased by $0.3 million compared to the same period in 2002 reflecting the impact of the weaker US dollar.

Operating and Maintenance Expense

Year ended December 31 (millions of dollars)	**2003**	2002
Ontario	**12.4**	12.1
Williams Lake	**4.6**	4.5
Castleton	**3.4**	3.7
	20.4	20.3

Operating and maintenance expense is based on fixed fees, adjusted annually for inflation and are payable to the Manager or TCPM for the operation and routine maintenance of the plants. Operating and maintenance expense for the year ended December 31, 2003, was $20.4 million compared to $20.3 million in 2002. The increase of $0.1 million was primarily due to inflation and was partially offset by decreased fees at the Castleton plant due to the effect of a weaker US dollar.

Other Plant Operating Costs

Year ended December 31 (millions of dollars)	**2003**	2002
Property taxes	**2.7**	3.0
Insurance	**2.7**	2.1
Major maintenance	**0.9**	1.1
	6.3	6.2

Other plant operating costs of $6.3 million for the year ended December 31, 2003 remained consistent with 2002. Property taxes decreased by $0.3 from $3.0 million in 2002 to $2.7 million in 2003 due to a successful property tax appeal at one of the Ontario plants. Insurance premiums increased by $0.6 million or 29 per cent in 2003. Significant premium increases have been experienced throughout the power industry in recent years. Major maintenance expenses of $0.9 million were $0.2 million lower than the same period in 2002 due a decreased scope of work in 2003.

Management and Administration

Year ended December 31 (millions of dollars)	**2003**	2002
Base fee	**1.0**	1.0
Incentive fee	**1.7**	1.7
Enhancement fee	**1.8**	0.2
General and administrative costs	**1.0**	1.3
	5.5	4.2

Management and administration costs, which consist of fees paid to the Manager and general and administrative costs, were $5.5 million for the year ended December 31, 2003, compared to $4.2 million in 2002. The increase of $1.3 million was primarily due to higher enhancement fees. Enhancement fees are paid to the Manager for successfully capturing opportunities, on behalf of the Partnership, that either increase revenues or reduce costs. In 2003, the Manager curtailed off-peak power production at certain Ontario plants and sold the unused natural gas at high market prices resulting in higher profits of approximately $5.0 million before fees. The enhancement fee is based on 35 per cent of the incremental profit on such transactions.

Base fees, which are equal to 1 per cent of the Partnership's annual distributable cash, and incentive fees, which are based on the level of cash distributions to unitholders as compared to pre-determined thresholds, were unchanged year over year.

Interest and Foreign Exchange

Year ended December 31 (millions of dollars)	**2003**	2002
Interest on operating line	**1.2**	1.1
Foreign exchange	**1.7**	–
Levelization interest	**–**	0.4
	2.9	1.5

Interest and foreign exchange expense for the year ended December 31, 2003 was $2.9 million compared to $1.5 million in 2002. The increase of $1.4 million was primarily due to foreign exchange losses partially offset by lower interest expense. The foreign exchange losses of $1.7 million are primarily due to the effects of a weaker US dollar in 2003. Interest on the line of credit was slightly higher in 2003 primarily due to a higher prime rate (average of 5 per cent in 2003; average of 4 per cent in 2002). The Partnership repaid the levelization balance in April 2002 which accounts for the decrease in levelization interest.

LIQUIDITY AND CAPITAL RESOURCES

Distributable Cash Distributable cash for the year ended December 31, 2003 of $99.1 million or $2.52 per unit was consistent with 2002. The Partnership had funds available to distribute, prior to any cash reserves, of $99.6 million for the year ended December 31, 2003 compared to $101.8 million in 2002. Funds available to distribute includes funds generated from operations and levelization amounts from OEFC related to certain Ontario plants. On an annual basis, the Partnership typically distributes less cash than is available and uses the undistributed cash to partially finance capital expenditures. The fourth quarter 2003 cash distribution was paid on January 30, 2004, to unitholders of record on December 31, 2003.

Distributable cash is not a defined financial measure according to Canadian generally accepted accounting principles (GAAP) and there is no standardized meaning prescribed by GAAP. Other reporting issuers may use different methods of calculating distributable cash, therefore, this measure is not necessarily comparable across enterprises. The calculation of distributable cash for the Partnership has remained consistent for each reporting period since inception (see Note 7 to the Consolidated Financial Statements for the calculation of distributable cash).

The Partnership makes quarterly cash distributions, a portion of which is taxable to unitholders in the year received.

Year ended December 31 (per unit)	Cash Distribution	Taxable Amount
2002	$ 2.52	$ 0.94
2003	**$ 2.52**	**$ 1.26**

Capital Expenditures Capital expenditures for the power plants are primarily comprised of maintenance capital and additions to, or replacements of, capital assets required to maintain or increase the power plants' current output capacity. Major overhauls are performed periodically at each of the plants depending on the number of operating hours and type of equipment. The time intervals for major overhauls at the Ontario plants range from approximately three years (or 24,000 hours) for hot section refurbishments on the gas turbines to approximately 6 years (or 48,000 hours) for turbine overhauls. Also, it is expected that the Heat Recovery Steam Generators will require re-tubing approximately once in 20 years. A major overhaul is completed at the Williams Lake plant approximately every five years and the most recent one was completed in the first half of 2003. Similarly, major overhauls are performed at the Castleton plant depending on plant usage. Capital expenditures are funded primarily through the Partnership's operating line and also through the use of any undistributed cash.

Capital expenditures for the year ended December 31, 2003, were $8.2 million which included $3.4 million for a 5-year scheduled major overhaul at the Williams Lake plant and $4.8 million for plant upgrades, reliability and safety controls, maintenance capital and equipment overhauls at each of the plants. Total capital expenditures for 2003 were the same as expected, however, some projects were postponed to 2004 and some unplanned projects were completed in 2003.

Capital expenditures of approximately $8 million are planned for 2004 and are comprised primarily of maintenance capital, plant upgrades and equipment overhauls at each of the plants. There are no major overhauls planned in 2004.

Financing Activities The Partnership has a revolving $50 million operating line of credit under commercial terms with TransCanada that is used to finance capital expenditures, working capital and for general Partnership expenditures. The line of credit bears interest at prime or, at the option of the Partnership, may be fixed at a rate per annum equal to 1 per cent above TransCanada's term

cost of funds. The balance outstanding on the operating line of credit at December 31, 2003 was $26.0 million compared to 36.5 million at the end of 2002. The decrease of $10.5 million was primarily due to timing differences in the receipt of December power revenues from OEFC.

The Partnership's debt to total capitalization ratio was approximately 5 per cent at December 31, 2003, and approximately 6 per cent at the end of 2002. This low debt to total capitalization ratio gives the Partnership financial flexibility to execute its strategy to pursue future acquisition opportunities. In addition, the Partnership has maintained the highest stability ratings for income funds from Dominion Bond Rating Service and Standard & Poor's of STA-1 (middle) and SR-1, respectively.

In operating the Partnership's seven plants, the Partnership and TransCanada engage in several related party transactions. These transactions are based on contracts and many of the fees are escalated by inflation. The table below summarizes the amounts included in the calculation of net income for the years ended December 31, 2003 and 2002 (see Note 5 to the Consolidated Financial Statements for further details).

Transactions with Related Parties

Year ended December 31 (millions of dollars)	**2003**	2002
Revenues		
Castleton – capacity payments	**16.3**	18.0
Ontario – enhancement revenues	**15.3**	0.7
Ontario – Calstock guarantee fee	**2.1**	1.7
	33.7	20.4
Cost of Fuel		
Ontario – gas fuel supply contracts	**18.0**	15.9
Ontario – gas diversion sales	**(7.8)**	(6.8)
Ontario – gas transportation contracts	**12.4**	11.2
Ontario – waste heat contracts	**0.5**	0.7
Castleton – gas demand charge	**2.5**	2.8
	25.6	23.8
Operating and Maintenance Expense	**20.4**	20.3
Management and Administration		
Base fee	**1.0**	1.0
Incentive fee	**1.7**	1.7
Enhancement fee	**1.8**	0.2
	4.5	2.9
Interest Expense on the Operating Line	**1.2**	1.1

At December 31, 2003 the Partnership's future purchase obligations were approximately as follows:

Purchase Obligations

Year ended December 31, 2003

(millions of dollars)	Total	2004	2005	2006	2007	2008	2009+
Gas purchase contracts (1)	571.0	29.9	32.5	34.5	38.6	43.8	391.7
Gas transportation contracts (2)	266.8	14.4	15.3	16.2	17.2	18.3	185.4
Waste heat contracts (3)	11.1	0.8	0.8	0.8	0.8	0.8	7.1
Operating and maintenance fee (4)	313.0	21.3	21.7	22.2	22.6	23.1	202.1

(1) The gas purchase contracts have fixed and variable components. The variable components are based on estimates subject to variability in plant production. These contracts have expiry dates ranging from 2010 to 2016 with built-in annual escalators.

(2) The gas transportation contracts are based on estimates subject to changes in regulated rates for transportation and have expiry dates ranging from 2010 to 2016.

(3) Waste heat contracts are based on estimates subject to changes in pipeline throughput and compressor station availability. These contracts have expiry dates ranging from 2014 to 2017 and escalate annually by inflation.

(4) The operating and maintenance contracts are based on fixed fees escalated annually by inflation. The operating and maintenance contract for the Castleton plant expires in 2008. For the Ontario plants and the Williams Lake plant, the expiry dates are 2017 and 2018, respectively.

SIGNIFICANT ACCOUNTING ESTIMATES

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Partnership's Consolidated Financial Statements requires the use of estimates and assumptions which have been made using careful judgement. The Partnership's most significant accounting estimate relates to its calculation of depreciation expense, although this non-cash expense does not impact funds generated from operations or distributable cash.

The Partnership depreciates its power generation plant and equipment, less estimated residual value, on a straight-line basis over the remaining life to 2017. Other equipment, which includes the cost of major overhauls, is capitalized and depreciated over estimated service lives of three to ten years. Depreciation expense for the year ended December 31, 2003 was $36.1 million compared to $37.2 million in 2002. The decrease in depreciation expense in 2003 reflects a change in estimated residual values of the power generation assets at 2017. This change in estimate had a positive impact on the net income of the Partnership but had no impact on the funds generated from operations in 2003.

OUTLOOK

The Partnership's main goal is to provide unitholders with stable and sustainable cash distributions. The Partnership expects this will be accomplished by an ongoing commitment to operational excellence, capitalizing on further earnings enhancements where possible, as well as growing the Partnership through plant expansions and acquisitions of new generating assets. The Partnership will focus its disciplined acquisition strategy on the Canadian and United States' markets, targeting the acquisition of additional TransCanada plants and third party facilities.

The Partnership does not expect 2004 cash flows from existing operations to be materially different from 2003 but this can be positively or negatively affected by several factors, including the following three major factors. Firstly, enhancement transactions are directly related to the price of natural gas which was significantly higher in 2003 than in 2002. Secondly, fluctuations in throughput on TransCanada's Mainline will affect the amount of waste heat fuel supplied to the Partnership. Thirdly, fluctuations in the US dollar will impact the Canadian dollar translation

of the Castleton results. Other factors that could also change this expectation include acquisitions, significant unplanned outages, industry reform, fuel cost increases or other unexpected events in 2004. Although the Partnership's results are subject to certain fluctuations, the Partnership's mission is to provide unitholders with long-term, sustainable cash distributions.

Beginning January 2004, nitric oxide emissions from all fossil-fired power facilities in Ontario are capped as part of provincial regulation. Nitric oxide permits for 2004 operations were distributed to all fossil-fired power facilities in 2003. The total nitric oxide permits allocated to the Partnership's five Ontario facilities are expected to be sufficient to cover the nitric oxide emissions expected to be released from these plants in 2004.

BUSINESS RISKS

The Partnership operates quality assets under long-term power sales and fuel supply contracts. These factors, combined with an excellent ongoing maintenance program, minimize exposures to operational risk and commodity price fluctuations. The most significant risks to the Partnership are those associated with plant performance (such as plant and waste heat availability), major maintenance costs and the potential impact on existing contracts as a result of deregulation or other government changes in electricity markets in which the Partnership operates.

Plant personnel have developed procedures to minimize the downtime required for both scheduled and unscheduled maintenance. Strict safety standards are in place at all plants. In addition, the Partnership has adequate insurance to cover equipment breakdown and business interruption. The Partnership's combination of strong operating history and preventative maintenance programs has minimized the impact to the Partnership of significant increases in power plant insurance premiums that have been experienced throughout the power industry in recent years and are expected to continue in 2004.

The risks associated with the uncertainty of the competitive marketplace, especially the volatility in market prices for electricity, have been minimized by the fixed-price, long-term power sales contracts in place with three A-grade power buyers – OEFC, BC Hydro and TransCanada. In May 2002, the Ontario government announced the opening of the retail electricity market in Ontario and then in November 2002, announced fixed price caps for residential and other small volume consumers. However, in November 2003 the government issued a mandate authorizing the Ontario Energy Board to set future electricity prices. The Partnership is still engaged in discussions with OEFC and other governing bodies to resolve certain administrative and contractual matters affecting the Partnership's operation in the Ontario electricity marketplace. These changes are not expected to materially affect the long-term sales contracts with OEFC.

Other risks include, but are not limited to, the following:

- Contractual risks associated with counterparty default under the Partnership's power sales contracts and fuel supply agreements;
- Changes in federal and provincial legislation regarding environmental and safety issues, including the clarification of the federal government's implementation plans with respect to the Kyoto Protocol and the new Ontario legislation pertaining to nitric oxide;
- Financial risk relating to borrowing rates, changes in foreign exchange rates and the ability to obtain additional equity and debt financing for projects and acquisitions; and
- Successful renegotiation of a new collective bargaining agreement in 2004 with the union that represents employees at the Williams Lake plant.

Another risk for the Partnership is potential conflicts of interest between the Partnership and TransCanada. Management and the Board of Directors have procedures in place to ensure any conflict between the Partnership and TransCanada is appropriately resolved. This includes the requirement for approval by a majority of independent board members of transactions between the Partnership and TransCanada.

SENSITIVITY OF CASH FLOWS

The cash flows from operations are generally protected from variations in revenues and costs by the Partnership's long-term sales, fuel and operating and management contracts. Variations in cash flows can occur due to unplanned outages, annual changes in the Williams Lake market-based excess energy prices, fluctuations in the US dollar exchange rate, volatility in natural gas prices, reduced availability of wood waste or waste heat from compressor stations.

Under the Ontario plants' power purchase agreements, if minimum amounts of power are not provided on a monthly basis, a reduction in payments from OEFC will occur. The risk of significant impact on consolidated cash flows is mitigated through the diversification of cash flow sources as a result of having a number of plants, each of which operates under separate agreements. The impact of unplanned outages at all plants is also mitigated through business interruption insurance, subject to deductibles.

Although the Partnership is protected from significant fuel cost increases at Williams Lake through the cost recovery mechanism in the BC Hydro sales contract, the Partnership is still exposed to a portion of the costs to acquire wood waste fuel. In 2003, this represented approximately 12 per cent of the firm energy requirements at the Williams Lake plant. The remaining fuel costs related to excess energy. To date, the Partnership has not been required to pay a commodity charge for the wood waste (only transportation costs), but alternative demands for premium quality wood waste in the region are increasing. In 2004, the Partnership will begin paying a commodity charge on certain wood waste deliveries which will be included in the fuel cost recoveries from B.C. Hydro. At the Calstock plant, wood waste transportation costs are substantially offset by tipping fee revenue earned from contracted mills to remove the wood waste.

The level of waste heat fuel at the Ontario plants provided by TransCanada's adjacent compressor stations operating on the TransCanada Canadian Mainline is dependent on the amount of natural gas throughput on the Mainline. Pipeline throughput volumes are generally demand driven and are affected by, among other factors, weather, consumer usage and operations on competitive pipelines. It is expected that waste heat derived revenues will decline in 2004.

Periodic price changes within the long-term fuel contracts held by the Partnership could also cause a decrease in cash available to distribute. The Partnership has minimized this risk by diversifying fuel sources and matching gas fuel supply contract increases to revenue increases over the life of the power purchase and fuel supply contracts.

QUARTERLY INFORMATION

The Partnership's Selected Quarterly and Annual Consolidated Financial Data, which has been prepared in accordance with Canadian generally accepted accounting principles, is set out below. Under the power sales contracts for the Ontario plants, the Partnership receives higher per MWh prices in the winter months (October to March) and lower prices in the summer months (April to September). In addition, contributions from the Williams Lake plant are usually lower in the fourth quarter once the annual firm energy requirements are met and the plant is only producing lower priced excess energy. These factors generally result in higher revenues, funds generated from operations and net income in the winter months, particularly January to March. However, the Partnership follows a practice of levelizing cash distributions over the year through the use of cash reserves. Results for the years ended December 31, 2003 and 2002 are indicative of these trends. In the fourth quarter of 2003, fuel costs were reduced due to a reclassification of certain 2003 gas sales between revenues and cost of fuel.

In the fourth quarter of 2002, the Partnership recorded $4.3 million of revenue relating to the Williams Lake business interruption insurance claim.

Selected Quarterly and Annual Consolidated Financial Data

			2003		
Three months ended (millions of dollars except per unit amounts) (unaudited)	**Mar. 31**	**Jun. 30**	**Sep. 30**	**Dec. 31**	**Total**
Revenues	**51.7**	**40.3**	**42.0**	**44.0**	**178.0**
Cost of Fuel	**10.8**	**11.2**	**11.4**	**8.7**	**42.1**
Operating and Maintenance Expense	**5.2**	**5.0**	**5.1**	**5.1**	**20.4**
Other Costs					
Other plant operating	**1.5**	**1.9**	**1.4**	**1.5**	**6.3**
Depreciation	**8.9**	**9.0**	**9.1**	**9.1**	**36.1**
Management and administration	**2.0**	**1.6**	**1.4**	**0.5**	**5.5**
Interest and foreign exchange	**0.8**	**0.9**	**0.3**	**0.9**	**2.9**
	13.2	**13.4**	**12.2**	**12.0**	**50.8**
Net Income Before Income Tax	**22.5**	**10.7**	**13.3**	**18.2**	**64.7**
Income Tax	**0.1**	**0.1**	**0.1**	**–**	**0.3**
Net Income	**22.4**	**10.6**	**13.2**	**18.2**	**64.4**
Net Income Per Unit	**$ 0.57**	**$ 0.27**	**$ 0.34**	**$ 0.46**	**$ 1.64**
Distributable Cash	**24.8**	**24.7**	**24.8**	**24.8**	**99.1**
Distributable Cash Per Unit	**$ 0.63**	**$ 0.63**	**$ 0.63**	**$ 0.63**	**$ 2.52**

			2002		
Three months ended (millions of dollars except per unit amounts) (unaudited)	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Total
Revenues	45.5	39.7	40.4	48.3	173.9
Cost of Fuel	11.3	8.6	9.4	10.5	39.8
Operating and Maintenance Expense	5.1	5.0	5.1	5.1	20.3
Other Costs					
Other plant operating	1.2	2.0	1.2	1.8	6.2
Depreciation	9.3	9.4	9.2	9.3	37.2
Management and administration	1.1	1.0	0.9	1.2	4.2
Interest and foreign exchange	0.4	0.5	–	0.6	1.5
	12.0	12.9	11.3	12.9	49.1
Net Income Before Income Tax	17.1	13.2	14.6	19.8	64.7
Income Tax	0.1	0.1	0.1	0.3	0.6
Net Income	17.0	13.1	14.5	19.5	64.1
Net Income Per Unit	$ 0.43	$ 0.33	$ 0.37	$ 0.50	$ 1.63
Distributable Cash	24.8	24.7	24.8	24.8	99.1
Distributable Cash Per Unit	$ 0.63	$ 0.63	$ 0.63	$ 0.63	$ 2.52

Quarterly and Annual Unit Trading Information
(TPL.UN on the Toronto Stock Exchange)

	2003				
Three months ended (unaudited)	**Mar. 31**	**Jun. 30**	**Sep. 30**	**Dec. 31**	**Annual**
Unit Price					
High	**$ 32.75**	**$ 35.00**	**$ 34.95**	**$ 37.10**	**$ 37.10**
Low	**$ 30.80**	**$ 31.50**	**$ 33.45**	**$ 34.10**	**$ 30.80**
Close	**$ 31.95**	**$ 34.00**	**$ 34.40**	**$ 36.30**	**$ 36.30**
Volume traded (millions)	**2.3**	**3.0**	**3.6**	**2.5**	**11.4**

	2002				
Three months ended (unaudited)	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual
Unit Price					
High	$ 34.00	$ 33.20	$ 34.13	$ 32.95	$ 34.13
Low	$ 30.70	$ 29.87	$ 28.75	$ 30.50	$ 28.75
Close	$ 30.80	$ 32.90	$ 32.50	$ 30.90	$ 30.90
Volume traded (millions)	3.0	2.4	2.9	2.6	10.9

OTHER INFORMATION

Additional information relating to the Partnership, including the Annual Information Form, is posted on SEDAR at www.sedar.com under TransCanada Power, L.P. Other selected consolidated financial information for the year ended December 31, 2003 is found under the heading "Seven-Year Financial Highlights" on page 36 in this Annual Report.

FORWARD-LOOKING INFORMATION

Certain information in this Management's Discussion and Analysis is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include, among other things, the ability of the Partnership to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the availability and price of energy commodities, regulatory decisions, plant availability, competitive factors in the power industry, and the prevailing economic conditions in North America. For additional information on these and other factors, see the reports filed by the Partnership with Canadian securities regulators. The Partnership disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2003 Consolidated Financial Statements

SOLID

RESULTS

REPORT OF MANAGEMENT

The consolidated financial statements included in the Annual Report are the responsibility of the Management of the General Partner and have been approved by its Board of Directors. These consolidated financial statements have been prepared by the Management of the General Partner in accordance with Canadian generally accepted accounting principles (GAAP) and include amounts that are based on estimates and judgments. Financial information contained elsewhere in this Annual Report is consistent with the consolidated financial statements.

Management of the General Partner has prepared Management's Discussion and Analysis, which is based on the Partnership's financial information prepared in accordance with GAAP. It compares the Partnership's financial performance in 2003 to 2002, and should be read in conjunction with the consolidated financial statements and accompanying notes.

Management of the General Partner has developed and maintains a system of internal controls and believes that these controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements.

The General Partner's Board of Directors has appointed an Audit Committee, which meets periodically during the year with Management of the General Partner and the Partnership's external auditors independently and as a group. The Audit Committee reviews the consolidated financial statements with the Management of the General Partner and the Partnership's external auditors before the consolidated financial statements are submitted to the General Partner's Board of Directors for approval. The external auditors have free access to the General Partner's Audit Committee without obtaining approval from Management of the General Partner.

The independent external auditors, KPMG LLP, have been appointed by the General Partner's Board of Directors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Partnership's financial position, results of operations and cash flows in accordance with GAAP. The following report of KPMG LLP, outlines the scope of their examination and their opinion on the consolidated financial statements.

Sean McMaster

Sean D. McMaster President

RKG

Russell K. Girling Chief Financial Officer

February 26, 2004

AUDITORS' REPORT

To the Partners

We have audited the consolidated balance sheets of TransCanada Power, L.P. as at December 31, 2003 and 2002 and the consolidated statements of income, cash flows and partners' equity for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Management of the General Partner. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the General Partner's Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years ended December 31, 2003 and 2002 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada

February 26, 2004

CONSOLIDATED INCOME

Year ended December 31 (millions of dollars except per unit amounts)	2003	2002
Revenues	**178.0**	173.9
Cost of Fuel	**42.1**	39.8
Operating and Maintenance Expense	**20.4**	20.3
Other Costs		
Other plant operating	**6.3**	6.2
Depreciation	**36.1**	37.2
Management and administration	**5.5**	4.2
Interest and foreign exchange	**2.9**	1.5
	50.8	49.1
Net Income Before Income Tax	**64.7**	64.7
Income Tax		
Current	**1.2**	1.1
Future	**(0.9)**	(0.5)
	0.3	0.6
Net Income	**64.4**	64.1
Net Income Per Unit	**$ 1.64**	$ 1.63
Weighted Average Units Outstanding (millions)	**39.3**	39.3

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED CASH FLOWS

Year ended December 31 (millions of dollars)	2003	2002
Cash Generated from Operations		
Net income	**64.4**	64.1
Add:		
Depreciation	**36.1**	37.2
Future income tax recovery	**(0.9)**	(0.5)
Other	–	0.2
Funds generated from operations	**99.6**	101.0
Decrease/(increase) in operating working capital	**16.2**	(5.0)
Net cash provided by operating activities	**115.8**	96.0
Investing Activities		
Capital expenditures	**(8.2)**	(5.4)
Net cash used in investing activities	**(8.2)**	(5.4)
Financing Activities		
Distributions paid	**(99.1)**	(99.1)
(Decrease)/increase in operating line	**(10.5)**	20.6
Levelization amounts repaid	–	(10.8)
Net cash used in financing activities	**(109.6)**	(89.3)
(Decrease)/Increase in Cash and Short-Term Investments	**(2.0)**	1.3
Cash and Short-Term Investments, Beginning of Year	**5.7**	4.4
Cash and Short-Term Investments, End of Year	**3.7**	5.7
Supplementary Cash Flow Information		
Income taxes paid	**0.7**	1.2
Interest paid	**1.5**	3.6

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEET

As at December 31 (millions of dollars)	**2003**	2002
ASSETS		
Current Assets		
Cash	**3.7**	5.7
Accounts receivable	**14.7**	31.7
Prepaids and other	**1.8**	1.6
Inventories	**7.9**	7.6
	28.1	46.6
Capital Assets (Note 3)	**573.5**	601.4
Future Income Taxes	**3.1**	2.5
	604.7	650.5
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable	**6.5**	7.1
Distributions payable	**24.8**	24.8
Operating line (Note 5)	**26.0**	36.5
	57.3	68.4
Partners' Equity (Note 4)	**547.4**	582.1
	604.7	650.5

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED PARTNERS' EQUITY

Year ended December 31 (millions of dollars)	**2003**	2002
Balance, Beginning of Year	**582.1**	617.1
Net Income	**64.4**	64.1
Cash Distributions (Note 7)	**(99.1)**	(99.1)
Balance, End of Year	**547.4**	582.1

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Approved by TransCanada Power Services Ltd., as General Partner of TransCanada Power, L.P.

Alexander J. Pourbaix
Director

Brian A. Felesky
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 BUSINESS OF THE PARTNERSHIP

TransCanada Power, L.P. (the Partnership) is a limited partnership created under the laws of the Province of Ontario pursuant to a Partnership Agreement dated March 27, 1997, as amended and restated June 6, 1997 and September 29, 1998. The Partnership commenced operations on June 18, 1997 and currently has independent power generating facilities in Ontario, British Columbia and New York.

TransCanada Power Services Ltd., the General Partner, is an indirect wholly-owned subsidiary of TransCanada Corporation (TransCanada, collectively with its subsidiaries) and, together with certain other TransCanada subsidiaries, has the responsibility for overseeing the management of the Partnership and the cash distributions to the Partnership unitholders. The General Partner has engaged TransCanada Energy Ltd. (the Manager) and TransCanada Power Marketing Ltd. (TCPM), both indirect wholly-owned subsidiaries of TransCanada, to perform management and administrative services on behalf of the Partnership and to operate and maintain the power plants pursuant to management and operations agreements. Electricity generated at the facilities is sold under long-term contracts to three customers, Ontario Electricity Financial Corporation (OEFC), British Columbia Hydro and Power Authority (BC Hydro) and TransCanada. In 2003, approximately 61 per cent (2002 – 66 per cent) of revenues were earned from power sales to OEFC and the remaining revenues were primarily earned from BC Hydro and TransCanada.

At December 31, 2003 and 2002 TransCanada indirectly held 35.6 per cent of the outstanding limited partnership units.

Note 2 ACCOUNTING POLICIES

The consolidated financial statements of the Partnership have been prepared by the management of the General Partner in accordance with Canadian generally accepted accounting principles. Since a determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions which have been made using careful judgement. In the opinion of management of the General Partner, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below. Certain comparative figures have been reclassified to conform to the current year's presentation.

Basis of Presentation The consolidated financial statements of the Partnership include the accounts of its subsidiaries. Intercompany transactions and balances have been eliminated.

Foreign Currency Translation The Partnership indirectly owns United States subsidiaries, the accounts of which are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historic exchange rates. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the consolidated statement of income.

Cash and Short-Term Investments The Partnership's short-term investments that have original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates market value.

Inventories Inventories of spare and replacement parts are carried at the lower of average cost or net realizable value.

Capital Assets Capital assets are carried at cost. Power generation plant and equipment, less estimated residual value, is depreciated on a straight-line basis over the remaining life to 2017 (see Note 3). Other equipment, which includes the cost of major overhauls, is capitalized and depreciated over estimated service lives of three to ten years.

Revenue Recognition Revenue is recognized when energy is delivered under various long-term contracts and agreements.

Under the terms of the power purchase agreements with OEFC for the Kapuskasing, North Bay and Calstock power plants, additional cash was received monthly as levelization amounts and was scheduled to be repaid beginning in 2003. These receipts were not recognized as income but were included in distributable cash. In April 2002, the Partnership fully repaid the levelization balance of $11.6 million to OEFC.

Income Taxes Income taxes, other than those of the Partnership's corporate subsidiaries, are the responsibility of the individual partners and have not been recorded in the consolidated financial statements.

The provision for income taxes relates solely to the taxes of the Partnership's corporate subsidiaries. Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using enacted or substantively enacted tax rates expected to apply in the period the temporary differences are expected to reverse.

Distributable Cash The amount of distributable cash to be distributed quarterly is based on the Partnership's funds generated from operations plus levelization amounts received, less scheduled debt repayments and any cash reserve which the Board of Directors of the General Partner, in its discretion, determines is necessary to satisfy the Partnership's current and anticipated obligations or to normalize quarterly distributions of cash to unitholders.

Net Income and Distributable Cash Per Unit Net income and distributable cash per unit are calculated by dividing net income and distributable cash, respectively, by the weighted average number of units outstanding, including those held indirectly by TransCanada.

Note 3 CAPITAL ASSETS

December 31 (millions of dollars)	**2003**			2002		
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Land	**3.1**	**–**	**3.1**	3.1	–	3.1
Power generation plant and equipment	**716.2**	**156.4**	**559.8**	710.9	125.0	585.9
Other equipment	**29.4**	**18.8**	**10.6**	26.5	14.1	12.4
	748.7	**175.2**	**573.5**	740.5	139.1	601.4

The December 31, 2003 net book value of capital assets included $34.1 million (2002 – $40.1 million) related to the Castleton plant, located in the United States.

Note 4 PARTNERS' EQUITY

December 31 (millions of dollars)	**2003**	2002
Partners' capital	**728.7**	728.7
Accumulated income	**306.5**	242.1
Accumulated distributions	**(487.8)**	(388.7)
	547.4	582.1

Partners' Capital The Partnership is authorized to issue an unlimited number of units. Each unit represents an equal, undivided limited partnership interest in the Partnership and entitles the holder to participate equally in distributable cash and net income, except as noted below. Units are not subject to future calls or assessments and entitle the holder to limited liability. Each unit is transferable, subject to the requirements referred to in the Partnership Agreement.

At June 30, 2017, all units outstanding, not held directly or indirectly by TransCanada, will be redeemed by the Partnership at their then fair market value, being the average of the fair market values assigned thereto by independent valuators, plus all declared and unpaid distributions of distributable cash thereon (the Redemption Price). The Redemption Price will be paid in cash or, at the election of TransCanada, in common shares of TransCanada or a combination of cash and common shares. There were 39,311,982 units outstanding throughout 2003 and 2002.

Note 5 RELATED PARTY TRANSACTIONS AND COMMITMENTS

Power Operations Power revenues for the Ontario power plants are determined based on the amount of electricity delivered under long-term contracts with OEFC expiring from 2012 to 2020. Contracted sales prices are fixed with built-in minimum annual escalators that vary from zero to 4.4 per cent. Power revenues at the Williams Lake power plant are based on a firm amount of electricity delivered under a long-term contract with BC Hydro expiring in 2018. Deliveries above this firm amount are sold to BC Hydro at market-based rates.

The Partnership and TCPM have an agreement expiring in 2008 whereby the Partnership provides the operating capacity and power output of the Castleton power plant in return for a fixed monthly fee, denominated in US dollars, which escalates with inflation. Revenues in 2003 under this agreement totalled $16.3 million (2002 – $18.0 million).

Wood waste supply for the Williams Lake power plant is under contract with a number of area mills expiring in 2018. The cost to the plant is for transportation of the wood waste to the plant per tonne delivered. Fuel costs increase if the local mills have inadequate supply and wood waste has to be sourced from mills further away. However, variability in fuel costs has limited impact on the Partnership's distributable cash, as the majority of fuel costs related to firm energy production are recovered through cost recovery mechanisms in the sales contract with BC Hydro.

The majority of fuel costs for the Ontario plants are under fixed long-term gas supply and wood waste supply contracts with built-in annual escalators. Expiry dates for the fuel contracts vary in length with an average remaining contract life of 11 years as at December 31, 2003. The remaining fuel requirements, which account for approximately 5 per cent of the power plants' fuel costs, are purchased at current market prices. Fuel contracts include long-term agreements with the Manager to supply fuel for the North Bay and Kapuskasing plants and long-term agreements with TransCanada to supply gas transportation and waste heat for each of the Ontario facilities.

Amounts charged under the related party contracts were as follows:

Year ended December 31 (millions of dollars)	**2003**	2002
Gas fuel supply contracts	**18.0**	15.9
Gas transportation contracts	**12.4**	11.2
Waste heat contracts	**0.5**	0.7
	30.9	27.8

The Manager manages gas fuel supply on behalf of the Partnership and fuel not required to operate the plants is sold on the open market through the Manager. In 2003, $7.8 million (2002 – $6.8 million) was generated from the sale of contracted fuel in excess of daily requirements to operate the plants, and was recorded as a reduction of the cost of fuel.

In 2003, additional gas sales of $15.3 million (2002 – $0.7 million) were included in revenue related to enhancement transactions undertaken at certain Ontario power plants to re-sell contracted natural gas fuel at high market prices, rather than produce off-peak power at lower rates.

TransCanada guarantees a certain minimum amount of cash flows for the Calstock plant until October 2005. In 2003, revenues included a guarantee fee paid by TransCanada to the Partnership of $2.1 million (2002 – $1.7 million).

The Partnership has incurred fees and expenses under the management and operations agreements with the Manager and TCPM as follows:

Year ended December 31 (millions of dollars)	**2003**	2002
Operating and maintenance expense	**20.4**	20.3
Gas demand charge (Castleton power plant)	**2.5**	2.8
Management and administration		
Base fee	**1.0**	1.0
Incentive fee	**1.7**	1.7
Enhancement fee	**1.8**	0.2
	4.5	2.9
	27.4	26.0

Included in accounts payable at December 31, 2003 are amounts owing to affiliates of TransCanada of $2.0 million (2002 – $3.9 million).

Operating Line The Partnership has a revolving $50 million operating line of credit under commercial terms with TransCanada that is available to finance capital expenditures, working capital and for general Partnership expenditures. The line of credit bears interest at prime (average rate of approximately 5 per cent in 2003; 4 per cent in 2002) or, at the option of the Partnership, may be fixed at a rate per annum equal to 1 per cent above TransCanada's term cost of funds. As at December 31, 2003, the amount borrowed against this operating line was $26.0 million (2002 – $36.5 million) and the interest expense during the year was $1.2 million (2002 – $1.1 million).

Note 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

At December 31, 2003, the carrying value of the current financial assets and liabilities of the Partnership approximate the fair value due to their short period to maturity.

Note 7 DISTRIBUTABLE CASH

Year ended December 31 (millions of dollars except per unit amounts)	**2003**	2002
Funds Generated from Operations	**99.6**	101.0
Add/(Deduct):		
Levelization amounts	**–**	0.8
Cash reserve	**(0.5)**	(2.7)
Distributable Cash	**99.1**	99.1
Distributable Cash Per Unit	**$ 2.52**	$ 2.52

The fourth quarter 2003 cash distribution of $0.63 per unit was paid on January 30, 2004 to unitholders of record on December 31, 2003.

PARTNERSHIP GOVERNANCE

The governance of the Partnership is the responsibility of the Board of Directors (the Board) of the General Partner and the rights, authority and limitations on the General Partner are described in the Limited Partnership Agreement (the Partnership Agreement). As set out in the Partnership Agreement, the Board is to be composed of seven directors, four of which are related to TransCanada with the remaining three members being independent and unrelated to TransCanada.

The Board has determined that notwithstanding the Partnership Agreement, it is appropriate and in the interests of good governance that an additional independent and unrelated director be appointed to the Partnership's Board. This action has resulted in the Board of Directors consisting of eight directors, four of whom are independent and unrelated to TransCanada and four who are related to TransCanada. Additionally, the Board has determined that the Audit Committee will continue to be composed of a majority of independent and unrelated directors with only one of the four members being related to TransCanada. The Board has also determined that the independent directors would designate a "Lead Director" from among their number. These improvements to the Partnership's governance regime were made effective on February 26, 2003.

The Board has plenary power for all activities of the Partnership unless specifically delegated to committees of the Board or management. To fulfill its responsibilities, with respect to the Partnership, the General Partner's Board has established three committees: audit, corporate governance and independent directors. The combined work of the Board and these committees fulfill the fiduciary responsibility of the Board to foster the long-term success of the Partnership and maximize the partners' value.

The Partnership Agreement provides that the Board can function separately from the Manager and management, as a majority of independent directors must approve all material transactions or agreements between the Partnership and TransCanada. The Board's governance structure has accommodated this requirement through the establishment of the independent directors committee, which approves all material transactions between the Partnership and TransCanada and any of TransCanada's affiliates or associates. The Board has also appointed a Lead Director with a separate mandate.

Both the Board and its committees can approve the engagement of outside advisors. The engagement of advisors for the committees or individual members is limited to advisors required for matters within a committee's mandated responsibilities or for advice relative to a member's fiduciary duties or conflict of interest matters.

As a publicly traded entity, the Partnership is required to disclose annually it's alignment with a set of corporate governance guidelines adopted by the Toronto Stock Exchange to assist in assessing accountability to stakeholders. The Partnership's statement on adherence to those guidelines follows.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Guideline 1 Board should explicitly assume responsibility for stewardship of the corporation

Does the Partnership Align? Yes

Description of Approach The Board has responsibility for the overall stewardship of the Partnership, establishing the overall policies and standards of the Partnership in the operation of its businesses and reviewing and approving its strategic plans.

Guideline 1a Board should specifically assume responsibility for the adoption of a strategic planning process

Does the Partnership Align? Yes

Description of Approach The Board has adopted a strategic planning process and meets during the year to review and approve management's strategic plan for the Partnership. Changes to the plan assumptions are considered when appropriate.

Guideline 1b Board should specifically assume responsibility for the identification of principal business risks, and implementation of risk management systems

Does the Partnership Align? Yes

Description of Approach The strategic plan process adopted by the Board also includes the review of significant risks to the Partnership and management ensures that the Board is kept informed of any changes to these risks on a timely basis.

The audit committee reviews the Partnership financial and business risk policies and procedures and reports to the Board on these matters on a quarterly basis. The Board also receives and reviews reports from management on health, safety and environment on a regular basis.

Guideline 1c Board should specifically assume responsibility for succession planning, including appointing, training and monitoring senior management

Does the Partnership Align? Yes

Description of Approach The Board believes that the management of the Partnership is key to its ongoing success. The corporate governance committee is tasked by the Board to review key policies and procedures around management succession, training, compensation and appointment, where applicable. Under the terms of the agreement with the Manager, the Manager is responsible to fill the required management positions.

Guideline 1d Board should specifically assume responsibility for communications policy

Does the Partnership Align? Yes

Description of Approach The Board has put structures in place to ensure effective communications between the Partnership, its unitholders and the public. The Board, or the appropriate committee thereof, reviews the content of the Partnership's major communications to the investing public, including the quarterly and annual reports, and approves the annual information form and any prospectuses that may be issued. The disclosed information is released through mailings to unitholders, news wire services, the general media and the Partnership's home page on the internet.

Guideline 1e Board should specifically assume responsibility for the integrity of internal control and management information systems

Does the Partnership Align? Yes

Description of Approach The Partnership's internal controls are monitored on a regular basis by the audit committee through management and the work of both the internal audit department of TransCanada and external auditors.

Guideline 2 Majority of directors should be "unrelated" (independent from management and free from conflicts of interest)

Does the Partnership Align? No

Description of Approach TransCanada has the right to nominate four of the seven directors under the terms of the Partnership Agreement. Notwithstanding this right, the Board unanimously determined that an additional unrelated and independent director be appointed bringing the Board size to eight. Under the terms of the Partnership Agreement, all transactions with TransCanada must be recommended by the independent director committee. The Board believes that a Board with equal representation of related and unrelated directors is an appropriate policy for the Partnership given the Partnership Agreement and TransCanada's substantial ownership of Partnership Units.

Guideline 3 Disclose for each director whether he or she is related, and how that conclusion was reached and that the majority of directors are 'outside' directors

Does the Partnership Align? No

Description of Approach The Board has four unrelated directors, being Messrs. Felesky, Hagerman, Hobson and Wilson and four related Directors, being Messrs. Girling, Kvisle, Pourbaix and Wishart, all of whom are senior officers of TransCanada and therefore related.

Guideline 4 Appoint a committee of outside directors responsible for appointment of new nominees and ongoing assessment of directors

Does the Partnership Align? No

Description of Approach The corporate governance committee is responsible for assessing new nominees to the Board as well as assessing on an annual basis the Board performance and the performance of each member. The committee is chaired by Mr. Hobson, an independent director and is composed of a majority of independent directors. The Board believes that it is appropriate for TransCanada as the Manager of the Partnership to have a representative on this committee due to the responsibilities that have been given to the Manager through contractual arrangements.

Guideline 5 Implement a committee process for assessing the effectiveness of the Board, its committees and the contribution of individual directors

Does the Partnership Align? Yes

Description of Approach The corporate governance committee is responsible to make an annual assessment of the overall performance of the Board and its individual members and to report its findings to the Board.

The corporate governance committee also makes recommendations relative to the composition of the various committees of the Board.

Guideline 6 Provide orientation and education programs for new recruits to the Board

Does the Partnership Align? Yes

Description of Approach All directors are provided with an orientation binder that includes written information about the duties and obligations of directors and the business of the Partnership. An opportunity for meetings and discussions with senior management and other directors is also available. The details of the orientation of each new director is tailored to that director's individual needs and areas of interest.

Guideline 7 Examine size of Board, with a view to improving effective decision-making and, if appropriate, undertake a program to reduce the number of directors

Does the Partnership Align? Yes

Description of Approach The Board believes that eight directors is appropriate and is the minimum number required for the business of the Partnership.

Guideline 8 Review adequacy and form of compensation of directors to ensure compensation reflects risks and responsibilities

Does the Partnership Align? Yes

Description of Approach The corporate governance committee reviews the compensation of the independent directors on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable companies and income funds. No director related to TransCanada receives compensation from the Partnership for services to the Board or committees.

Guideline 9 Committees should generally be composed of outside directors a majority of which are unrelated

Does the Partnership Align? Yes

Description of Approach The Board believes that, as a matter of policy, there should be a majority of unrelated directors on each of the committees and the committees should be chaired by independent directors. The audit and corporate governance committees have one position held by a related director, reflecting the significant unitholdings of TransCanada.

Guideline 10 Appoint a committee responsible for developing an approach to corporate governance issues

Does the Partnership Align? Yes

Description of Approach The mandate of the corporate governance committee includes responsibility to undertake initiatives as are needed to ensure excellence in governance.

Guideline 11 Define limits to management's responsibilities by developing position descriptions for the Board and CEO and approving corporate objectives for the CEO to meet

Does the Partnership Align? Yes

Description of Approach The Board has adopted its own terms of reference, which clarifies responsibilities and ensures effective communication between the Board and management. The corporate governance committee has also been tasked by the Board to review position descriptions for the president and senior officers of the General Partner. Under the contractual agreements with the Manager, filling the positions are the responsibility of the Manager, who discharges this responsibility in consultation with the corporate governance committee and the Board.

Guideline 12 Establish procedures to enable the Board to function independently of management

Does the Partnership Align? Yes

Description of Approach The Partnership Agreement provides that the Board can function separately from the Manager and management of the general partner, as a majority of independent directors must approve all material transactions or agreements between the Partnership and TransCanada or any of its affiliates. The Board has also appointed a Lead Director whose mandate includes the responsibility to ensure the Board can function independently from the Manager, the appropriate communication links exist between the independent directors and the Partnership's senior management, and to chair meetings of the Board in the absence of Partnership management and the TransCanada representative directors.

Guideline 13 Establish an audit committee composed only of outside directors with specifically defined roles and responsibilities

Does the Partnership Align? No

Description of Approach The audit committee for the Partnership has defined roles and responsibilities as outlined in its mandate. The committee is comprised of a majority of independent and unrelated directors. This variance from the guidelines provides the audit committee with further financial expertise and TransCanada, as a significant unitholder, with representation on the audit committee. In the view of the Board, this is appropriate.

Guideline 14 Implement a system to enable individual directors to engage outside advisors at the corporation's expense

Does the Partnership Align? Yes

Description of Approach Independent directors have the authority to retain consultants for themselves or the independent director committee where necessary and appropriate.

Investor Relations www.transcanada-powerlp.com

Auditors KPMG LLP, Calgary, Alberta

Unitholder Information TransCanada Power Services Ltd.
Direct: (403) 920-7980 Facsimile: (403) 920-2457 Toll Free: (888) 887-7717

Stock Exchange Listing Toronto Stock Exchange
Trading Symbol: TPL.UN

Cash Distributions Scheduled cash distribution payment dates in 2004 are January 30, April 30, July 30 and October 29.

Annual Information Form The Partnership's 2003 Annual Information Form, as filed with Canadian securities commissions, may be obtained from:
Corporate Secretary TransCanada Power Services Ltd., 450 – First Street SW, Calgary, Alberta, Canada T2P 5H1

SEVEN-YEAR FINANCIAL HIGHLIGHTS

(millions of dollars except per unit amounts)	**2003**	2002	2001	2000	1999	1998	1997
Operational Information							
Number of plants	**7**	7	7	7	7	5	3
Weighted average plant availability	**96%**	94%	97%	99%	94%	97%	97%
Plant output (GWh)	**2,153**	2,417	2,358	2,291	1,560	1,273	521
Income Statement							
Operating margin [1]							
Ontario	**76.9**	71.6	70.4	65.2	58.4	51.1	20.9
Williams Lake	**28.2**	30.7	35.7	26.6	3.2	–	–
Castleton	**10.4**	11.5	10.7	9.3	4.6	–	–
	115.5	113.8	116.8	101.1	66.2	51.1	20.9
Net income	**64.4**	64.1	45.0	46.0	37.5	34.6	15.0
Per unit	**$ 1.64**	$ 1.63	$ 1.28	$ 1.52	$ 1.48	$ 1.52	$ 0.79
Cash Flow							
Funds generated from operations	**99.6**	101.0	94.5	79.5	58.7	48.6	19.7
Capital expenditures	**(8.2)**	(5.4)	(11.6)	(6.8)	(9.7)	(13.8)	(2.0)
Acquisitions	**–**	–	–	–	(110.5)	(129.2)	–
Debt repayments	**–**	–	(173.1)	(3.6)	–	–	–
Operating line (decrease)/increase	**(10.5)**	20.6	11.9	(4.0)	8.0	–	–
Balance Sheet							
Capital assets	**573.5**	601.4	633.2	658.6	656.7	336.9	178.2
Total assets	**604.7**	650.5	677.3	697.4	696.3	354.3	197.8
Operating line	**26.0**	36.5	15.9	4.0	8.0	–	–
Long-term debt	**–**	–	–	159.4	165.7	–	–
Units Outstanding							
Weighted average for the year	**39.3**	39.3	35.1	30.3	25.3	22.8	19.1
End of year	**39.3**	39.3	39.3	33.7	29.2	24.0	19.1
Cash Distributions	**99.1**	99.1	87.4	72.8	59.3	49.0	21.2
Per unit	**$ 2.52**	$ 2.52	$ 2.49	$ 2.40	$ 2.34	$ 2.15	$ 1.11
Market Price							
High	**$ 37.10**	$ 34.13	$ 32.05	$ 28.70	$ 29.40	$ 30.00	$ 30.20
Low	**$ 30.80**	$ 28.75	$ 27.00	$ 20.00	$ 21.40	$ 23.95	$ 27.15
Close	**$ 36.30**	$ 30.90	$ 31.75	$ 27.50	$ 24.50	$ 28.15	$ 28.10

(1) Operating margin equals revenues less cost of fuel and operating and maintenance expense.

TRANSCANADA POWER, L.P.

c/o TransCanada Power Services Ltd. 450 – First Street SW, Calgary, Alberta, Canada T2P 5H1

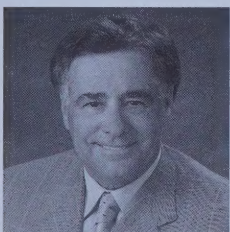
Telephone (403) 920-7980 Facsimile (403) 920-2409 Toll Free (888) 887-7717

www.transcanada-powerlp.com

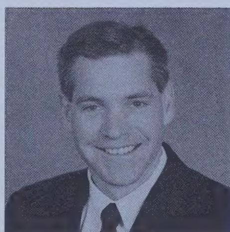
8th Floor, 55 Yonge Street, Toronto, Ontario, Canada M5E 1J4

Telephone (416) 869-2161 Facsimile (416) 869-2056

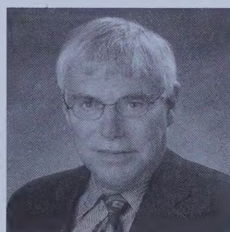
BOARD OF DIRECTORS



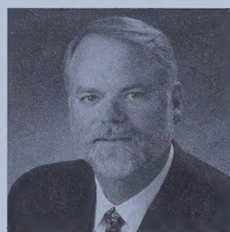
Brian A. Felesky, Q.C. (1)*(3)
Partner, Felesky Flynn
Calgary, Alberta



Russell K. Girling, Chairman (1)
Executive Vice-President, Corporate Development and Chief Financial Officer, TransCanada Corporation
Calgary, Alberta

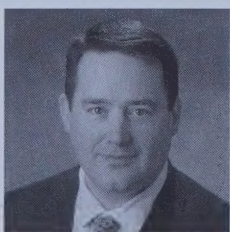


Allen R. Hagerman, F.C.A. (1)(3)(4)
Chief Financial Officer
Canadian Oil Sands Trust
Calgary, Alberta

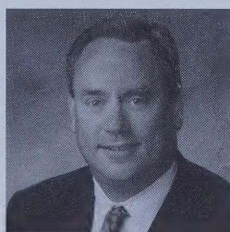


Eric Hobson, Lead Director (1)(2)*(3)
Partner, Northridge Canada
Calgary, Alberta

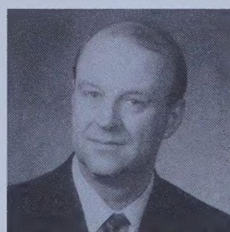
Harold N. Kvisle
President and
Chief Executive Officer
TransCanada Corporation
Calgary, Alberta



Alexander J. Pourbaix (2)
Executive Vice-President,
Power, TransCanada Corporation
Calgary, Alberta



W. Brett Wilson (2)(3)*
Managing Director and
Chairman, FirstEnergy Capital Corp.
Calgary, Alberta



Donald M. Wishart
Executive Vice-President,
Operations and Engineering,
TransCanada Corporation
Calgary, Alberta

(1) Audit Committee
(2) Corporate Governance Committee
(3) Independent Directors Committee
(4) Appointed February 26, 2003
* Committee Chair

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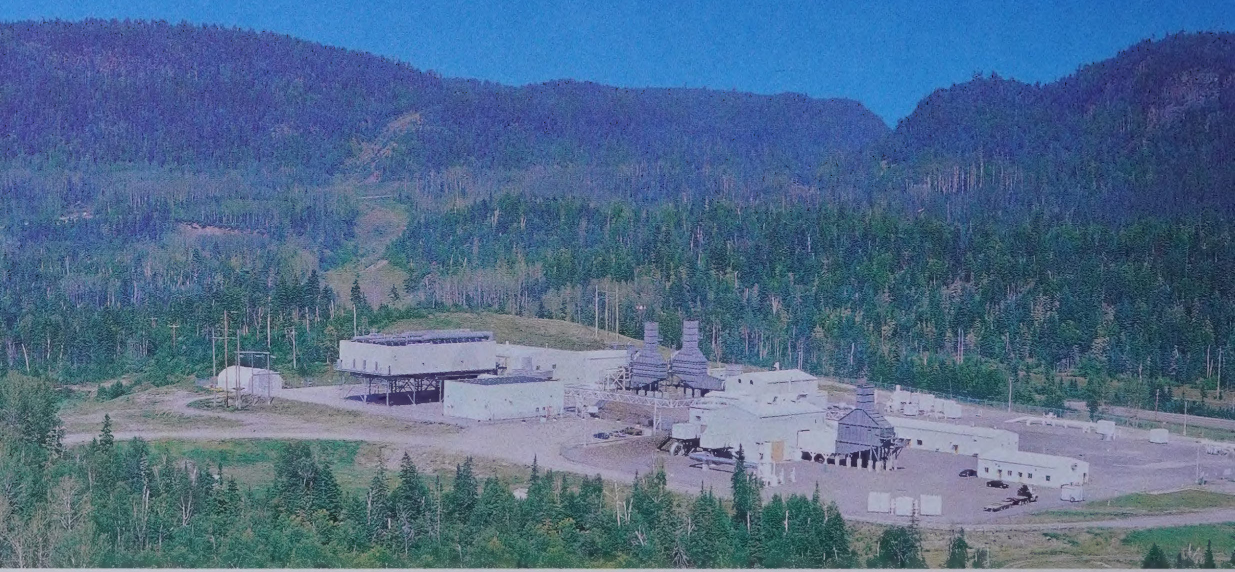
OUR MISSION To be Canada's premier income fund, providing a growing, stable cash distribution to our unitholders. We will accomplish this by being growth-oriented while providing our unitholders with reliable long-term cash flows. We will apply superior operating and commercial management practices to a quality portfolio of energy assets.



TransCanada
Power, L.P.